

104TH CONGRESS
2D SESSION

H. R. 3142

To establish a demonstration project to provide that the Department of Defense may receive Medicare reimbursement for health care services provided to certain Medicare-eligible covered military beneficiaries.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 1996

Mr. HEFLEY introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Commerce, and National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a demonstration project to provide that the Department of Defense may receive Medicare reimbursement for health care services provided to certain Medicare-eligible covered military beneficiaries.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Uniformed Services
5 Medicare Subvention Demonstration Project Act".

6 **SEC. 2. DEFINITIONS.**

7 For purposes of this Act:

1 (1) **MEDICARE-ELIGIBLE COVERED MILITARY**
2 **BENEFICIARY.**—The term “medicare-eligible covered
3 military beneficiary” means a beneficiary under
4 chapter 55 of title 10, United States Code, including
5 a beneficiary under section 1074(a) of such title,
6 who is entitled to benefits under part A of title XVII
7 of the Social Security Act (42 U.S.C. 1395 et seq.).

8 (2) **TRICARE PROGRAM.**—The term “TRICARE
9 program” means the managed health care program that
10 is established by the Secretary of Defense under the au-
11 thority of chapter 55 of title 10, United States Code, prin-
12 cipally section 1097 of such title, and includes the com-
13 petitive selection of contractors to financially underwrite
14 the delivery of health care services under the Civilian
15 Health and Medical Program of the Uniformed Services.

16 (3) **MILITARY TREATMENT FACILITY.**—The term
17 “military treatment facility” means a facility referred to
18 in section 1074(a) of title 10, United States Code.

19 **SEC. 3. ESTABLISHMENT.**

20 (a) **IN GENERAL.**—Not later than 180 days after the
21 date of the enactment of this Act, the Secretary of Defense
22 and the Secretary of Health and Human Services shall
23 jointly establish a demonstration project to provide the
24 Department of Defense with reimbursement, in accord-
25 ance with section 4, from the medicare program under

1 title XVII of the Social Security Act (42 U.S.C. 1395 et
2 seq.) for health services provided to certain medicare-eligi-
3 ble covered military beneficiaries.

4 (b) GEOGRAPHIC REGIONS.—The demonstration
5 project established under this section shall be conducted
6 in one or more geographic regions in which the TRICARE
7 program has been implemented.

8 (c) DURATION.—The demonstration project estab-
9 lished under this section shall be conducted for a period
10 not to exceed 2 years.

11 (d) REPORTING.—

12 (1) IN GENERAL.—

13 (A) FIRST ANNUAL REPORT.—Not later
14 than 15 months after the demonstration project
15 under this section has been established, the
16 Secretary of Defense and the Secretary of
17 Health and Human Services shall jointly submit
18 to Congress a report including the information
19 described in paragraph (2).

20 (B) FINAL REPORT.—Not later than 90
21 days after the termination of the demonstration
22 project, the Secretary shall jointly submit to
23 Congress a final report including the informa-
24 tion described in paragraph (2).

1 (2) INFORMATION DESCRIBED.—The informa-
2 tion described in this paragraph includes the follow-
3 ing:

4 (A) The number of medicare-eligible cov-
5 ered military beneficiaries opting to participate
6 in the demonstration project established under
7 this section instead of receiving health benefits
8 through another health insurance plan (includ-
9 ing through the medicare program).

10 (B) Whether, and in what manner, easier
11 access to the military treatment system affects
12 the number of medicare-eligible covered military
13 beneficiaries receiving health benefits under the
14 medicare program.

15 (C) A list of the health insurance plans
16 and programs that were the primary payers for
17 medicare-eligible covered military beneficiaries
18 during the year prior to such beneficiary's par-
19 ticipation in the demonstration project and the
20 distribution of enrollment of such beneficiaries
21 in such plans and programs.

22 (D) The total number of medicare-eligible
23 covered military beneficiaries who participated
24 in the project during the preceding year and the
25 number of such beneficiaries who were entitled

1 to benefits under part A of title XVIII of the
2 Social Security Act (42 U.S.C. 1395 et seq.)
3 and were not enrolled under part B of such
4 title.

5 (E) An identification of cost-shifting (if
6 any) among medical care programs as a result
7 of the demonstration project and a description
8 of the nature of any such cost-shifting.

9 (F) An analysis of how the demonstration
10 project affects the overall accessibility of the
11 military treatment system and the amount of
12 space available for point-of-service care and a
13 description of the unintended effects (if any)
14 upon the normal treatment priority system.

15 (G) A description of the difficulties (if any)
16 experienced by the Department of Defense in
17 managing the demonstration project.

18 (H) A description of the effects of the
19 demonstration project on military treatment fa-
20 cility readiness and training and the probable
21 effects of the project on overall Department of
22 Defense medical readiness and training.

23 (I) A description of the effects that the
24 demonstration project, if permanent, would be
25 expected to have on the overall budget of the

1 military health care system and the budgets of
2 individual military treatment facilities.

3 (J) Whether the demonstration project af-
4 fects the cost to the Department of Defense of
5 prescription drugs or the accessibility, availabil-
6 ity, and cost of such drugs to program bene-
7 ficiaries.

8 **SEC. 4. REIMBURSEMENT AMOUNTS.**

9 (a) PAYMENT TO DEPARTMENT OF DEFENSE.—The
10 Secretary of Health and Human Services shall make
11 monthly payments to the Department of Defense from the
12 Federal Hospital Insurance Trust Fund and the Federal
13 Supplementary Medical Insurance Trust Fund (allocated
14 between each Trust Fund in an amount to be determined
15 by the Secretary of Health and Human Services based on
16 the relative weight that benefits from each Trust Fund
17 contribute to the amounts determined under this sub-
18 section) in an amount equal to the sum of—

19 (1) the payments determined under subsection
20 (b) with respect to medicare-eligible covered military
21 beneficiaries who are enrolled in the TRICARE pro-
22 gram; and

23 (2) the payments determined under subsection
24 (c) with respect to such beneficiaries who are not en-
25 rolled in the TRICARE program.

1 (b) TRICARE PAYMENTS.—

2 (1) IN GENERAL.—The amount of payment de-
3 termined under this subsection is an amount equal
4 to $\frac{1}{12}$ of the amount determined under paragraph
5 (2) for each medicare-eligible covered military bene-
6 ficiary enrolled during the year in the TRICARE
7 program in a geographic region in which the dem-
8 onstration project is in operation, but only if such
9 beneficiary's enrollment is in excess of the minimum
10 enrollment number determined under subsection
11 (d)(1)(A) for such geographic region.

12 (2) AMOUNT DETERMINED.—The amount de-
13 termined under this paragraph is an amount equal
14 to—

15 (A) in the case of an individual entitled to
16 benefits under part A and enrolled under part
17 B of title XVIII of the Social Security Act, 93
18 percent of the average adjusted per capita cost
19 determined under section 1876(a)(4) of the So-
20 cial Security Act (42 U.S.C. 1395mm(a)(4)) for
21 such year; or

22 (B) in the case of an individual entitled to
23 benefits under part A and not enrolled under
24 part B of such title, an amount equal to the
25 amount determined under subparagraph (A) at-

1 tributable to services covered by and expenses
2 otherwise reimbursable under part A of such
3 title only.

4 (c) TREATMENT AT A MILITARY TREATMENT FACIL-
5 ITY.—The amount of payment determined under this sub-
6 section is an amount equal to the sum of the Secretary's
7 estimates of the amounts determined for each health serv-
8 ice (using a DRG equivalent and fee schedule equivalent
9 scale developed by the Secretary of Health and Human
10 Services) provided during the month for which the pay-
11 ment is made under subsection (a) to each medicare-eli-
12 ble covered military beneficiary (other than a beneficiary
13 who is enrolled in the TRICARE program) in a military
14 treatment facility located in a geographic region in which
15 the demonstration project is in operation, but only if such
16 level is in excess of $\frac{1}{12}$ of the minimum level of health
17 services described under subsection (d)(1)(B) for such ge-
18 ographic region.

19 (d) ESTABLISHMENT OF BASE LEVEL OF COV-
20 ERAGE.—

21 (1) IN GENERAL.—Prior to the establishment of
22 the demonstration project under this Act and subject
23 to paragraph (2), the Secretary of Defense and the
24 Secretary of Health and Human Services shall joint-
25 ly estimate, based on the best available data—

1 (A) a minimum enrollment number of med-
2 icare-eligible covered military beneficiaries who
3 are required to enroll in the TRICARE pro-
4 gram during a year in each geographic region
5 in which the demonstration project is in oper-
6 ation before the Department of Defense may re-
7 ceive payment under subsection (a)(1); and

8 (B) a minimum level of health services
9 (using a DRG equivalent and fee schedule
10 equivalent scale developed by the Secretary of
11 Health and Human Services) provided to medi-
12 care-eligible covered military beneficiaries (other
13 than beneficiaries enrolled in the TRICARE
14 program) during a year through a military
15 treatment facility in each geographic region in
16 which the demonstration project is in operation
17 before the Department of Defense may receive
18 payment under subsection (a)(2).

19 (2) DETERMINATION OF BASELINE COSTS.—

20 The Secretary of Defense and the Secretary of
21 Health and Human Services shall establish the mini-
22 mum enrollment number under paragraph (1)(A)
23 and the minimum level of health services under
24 paragraph (1)(B) such that the projected expendi-
25 tures by the Department of Defense for such num-

1 ber of medicare-eligible covered military beneficiaries
2 and such level of services provided to such bene-
3 ficiaries by the Department of Defense is equivalent
4 to the projected expenditures that would have been
5 made by the Department for such beneficiaries if the
6 demonstration project under this Act had not been
7 established.

8 (3) UPPER REIMBURSEMENT LIMITS.—The Sec-
9 retary of Defense and the Secretary of Health and
10 Human Services shall jointly establish a maximum
11 number of medicare-eligible covered military bene-
12 ficiaries and maximum level of health services for
13 which payment may be made by the Secretary of
14 Health and Human services under subsection (a).

15 (e) TRICARE PROGRAM ENROLLMENT FEE WAIV-
16 ER.—The Secretary of Defense shall waive the enrollment
17 fee applicable to any individual enrolled in the TRICARE
18 program for whom reimbursement in the amount deter-
19 mined under subsection (b)(2)(A) is received under sub-
20 section (b)(1).

21 **SEC. 5. MEDICARE SUBVENTION FUND.**

22 (a) ESTABLISHMENT.—There is hereby established in
23 the Treasury of the United States a revolving fund known
24 as the Medicare Subvention Fund (hereafter in this sec-
25 tion referred to as the “Fund”).

1 (b) USE OF FUNDS.—The Fund shall be available to
2 the Secretary of Defense, as so provided in appropriations
3 Acts from funds otherwise appropriated to the Depart-
4 ment of Defense, and without fiscal year limitation—

5 (1) to make payments to the Secretary of
6 Health and Human Services for deposit into the
7 Federal Hospital Insurance Trust Fund and the
8 Federal Supplementary Medical Insurance Trust
9 Fund in order to reimburse such Funds for addi-
10 tional costs to such Trust Funds resulting from the
11 operation of the demonstration project established
12 under this Act;

13 (2) to provide for the participation of medicare-
14 eligible covered military beneficiaries in excess of the
15 maximum enrollment number and maximum level of
16 health services established under section 4(d)(1);

17 (3) to provide for payment of administrative ex-
18 penses associated with the demonstration project es-
19 tablished under this Act; and

20 (4) if amounts are available in the Fund after
21 expenditures are made under paragraphs (1)
22 through (3), for any other lawful purpose for which
23 the Secretary of Defense may expend funds.

24 (c) NO FUNDS AVAILABLE.—The Secretary of De-
25 fense may, if inadequate amounts are available in the



1 Fund, limit the enrollment of medicare-eligible covered
2 military beneficiaries in the demonstration project estab-
3 lished under this Act.

4 (d) AUTHORIZATION OF APPROPRIATIONS.—For
5 each of fiscal years 1997 and 1998, there are authorized
6 to be appropriated from funds otherwise appropriated to
7 the Department of Defense, for deposit in the Fund such
8 sums as may be necessary to carry out the purposes de-
9 scribed in paragraphs (1) through (3) of subsection (c).
10 Any amounts appropriated in accordance with this sub-
11 section shall not be taken into account in establishing ap-
12 propriations levels for the Department of Defense health
13 affairs budget.

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